



ONTARIO ARTS COUNCIL ANNUAL REPORT 2018-2019



ONTARIO ARTS COUNCIL
CONSEIL DES ARTS DE L'ONTARIO

an Ontario government agency
un organisme du gouvernement de l'Ontario

Ontario



In accordance with the provision of Section 12 of the *Arts Council Act*, I respectfully submit the report covering the activities of the Ontario Arts Council from April 1, 2018 to March 31, 2019.

A handwritten signature in black ink, reading "Rita Davies". The signature is fluid and cursive, with the first name "Rita" and last name "Davies" clearly distinguishable.

Rita Davies
Chair
Ontario Arts Council

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ABOUT THE ONTARIO ARTS COUNCIL

For more than a half century, the Ontario Arts Council (OAC) has played a vital role in promoting and assisting the development of the arts for the enjoyment and benefit of all Ontarians. The OAC has fostered the growth of Ontario's arts infrastructure by funding individual artists and arts organizations in all artistic disciplines and in all regions of the province.

The OAC is an agency of the Government of Ontario's Ministry of Tourism, Culture and Sport (MTCS). The OAC's 12-member publicly appointed volunteer board of directors ensure that OAC activities align with the organization's mandate. All grant decisions are made at arm's length from the government. The OAC's staff manage the programs and grants are awarded through peer review processes.

Granting programs are organized under four funding streams: Creating and Presenting, Building Audiences and Markets, Engaging Communities and Schools, and Developing Careers and Arts Services. These streams help applicants determine which program best fits their proposed activity.

The OAC funds a variety of arts disciplines, including craft, dance, literature, music, theatre, media arts and visual arts. In addition, OAC supports the touring, recording and presentation of arts activities as well as various collaborations between artists. Funding is also available for culturally-based art forms, such as Francophone arts and Indigenous arts.

Other programs focus on particular arts activities, including arts education, community-engaged arts and multi and inter-arts. Some have specific goals, such as the Northern Arts program, which targets artists and arts groups in northern Ontario, and Skills and Career Development, which funds professional development opportunities for Indigenous arts professionals and for arts professionals of colour. The Deaf and Disability Arts programs provide funding support to Deaf* artists, artists with disabilities and Deaf and disability arts organizations. Arts organizations may also apply to OAC for support to increase their organizational capacity and sustainability through the Compass program.

Individual artists and arts groups can apply to OAC for funding for specific projects, and arts organizations can also apply for ongoing operating support once they have met certain requirements. Grants are allocated by a peer-review system. Independent juries make funding decisions for individuals and arts groups who apply to project programs. Advisory panels review operating grant applications from arts organizations and put forth recommendations to OAC program officers. The OAC's board of directors approves all funding decisions for grants of more than \$30,000.

In the past, OAC has been asked to take on the administration of specific funds and programs on behalf of the Government of Ontario such as the Creative Engagement Fund and the Indigenous Culture Fund which are winding up in 2018-19 and in 2019-20 respectively.

*The OAC identifies Deaf artists as distinct from artists with disabilities based on the Canadian Hearing Society's definition of *culturally Deaf*, a term that refers to individuals who identify with and participate in the language, culture and community of Deaf people.

ABOUT THE ONTARIO ARTS COUNCIL

Finally, the OAC administers the selection process for several awards, scholarships, prizes and grants, including the Chalmers program and several Ontario Arts Foundation awards. In addition to these privately funded programs, OAC established the Ontario Arts Council Indigenous Arts Award in 2012, which it funds and administers. The OAC also oversees the administration of two awards programs on behalf of the Government of Ontario – the Premier’s Awards for Excellence in the Arts and the Pauline McGibbon Award.

Guided by its strategic plan, *Vital Arts and Public Value: A Blueprint for 2014-2020*, OAC regularly measures the impact of its programs and consults with artists and arts organizations to stay in touch with the needs and growth of the arts.

The OAC further supports Ontario’s arts community through partnerships and by conducting research and statistical analyses of the arts and culture sectors. The information provided helps OAC build public awareness of the value of the arts and makes OAC a vital resource for understanding the environment in which the arts are created and produced in this province.

CORE BUSINESS ACHIEVEMENTS

OAC's core business is investing in Ontario's artists and arts organizations in a variety of ways, primarily through **58 granting programs** in 2018-19, as well as **11 granting initiatives**.

Project grants are awarded to individual artists as well as arts groups. These grants fund specific activities, including the creation, production and sharing of artistic works with communities, such as festivals, music series and children's arts workshops.

OAC project grants fuel creativity, innovation, skills development and organizational effectiveness. Ontario's successful cultural industries would not have grown to where they are without the talent pool, artistic products and creative content that are made possible by these grants.

Operating grants strengthen the organizations that are the backbone of Ontario's arts infrastructure. Organizations can apply for operating grants once they meet specific criteria, including a governance structure. Operating grants allow organizations to provide jobs and increase the stability of their communities and improve their infrastructure. They also provide continuity and support for emerging organizations, often from underrepresented communities.

Third-party recommender grants are administered on behalf of OAC by arts organizations from across Ontario that receive OAC operating grants. These organizations apply their knowledge of a particular arts sector or community to assess applications, then make grant recommendations for these applications to OAC.

Granting initiatives are similar to granting programs in that they're designed to meet strategic objectives and have specific eligibility criteria; recipients must fulfil certain requirements and report on their activities. They are different from granting programs in that they may not have the same application or assessment process; they may be administered by third parties who are contracted by OAC.

In 2018-19, OAC had the following granting initiatives:

Artists in Residence (Education)

This initiative supports the realization of system-wide community-engaged arts projects by school boards. Activities involve professional Ontario artists and teachers working together to design, develop and deliver creative experiences for students. Artists in Residence (Education) supports projects that:

- increase collaboration between professional artists and teachers in the classroom;
- offer Ontario students the opportunity to learn creative and critical processes;
- increase access of under-resourced students and communities across Ontario to creative learning opportunities led by professional artists;
- increase engagement of Ontario artists in the education system; and
- align initiative priorities with school board priorities.

CORE BUSINESS ACHIEVEMENTS

Ontario school boards partner with OAC over several school years to build capacity for implementing school-board-wide arts projects. Funding gradually increases then typically decreases over seven to ten years. This model allows OAC to maximize its funding by scaling support depending on the school board's capacity. Having partners at various stages also allows for easier on-boarding of new partners and for informal mentoring to occur among school board administrators.

Connexions théâtres

The goals of this initiative are to:

- allow venue-based presenters to undertake artistic risks and audience development initiatives and to enhance their curatorial capacities as presenters of independent French-language theatre and dance in Ontario;
- build a touring circuit for independent French-language theatre and dance in regional Ontario; and
- enable more people to engage with independent French-language theatre and dance, as both audiences and participants.

Connexions visuelles

The main goal of this initiative is to reinforce the capacity of Ontario's four professional francophone visual arts organizations and, in the longer term, to have a structuring effect on the whole sector. This is achieved through the funding of:

- production/presentation projects;
- organizational development activities; and
- audience development and community engagement activities.

Market Development Initiatives

Market Development Initiatives (MDI) invest in partnerships with stakeholders within and outside the arts to advance regional, national and international market development opportunities for Ontario artists and arts organizations. MDI enable high-quality work from Ontario to be promoted, presented and sold effectively across the country and abroad. Types of activities supported by MDI include:

- opportunities for recognized buyers from foreign jurisdictions to experience and increase their awareness of Ontario artists and arts organizations;
- travel and production support for market-ready Ontario artists and arts organizations that have been invited to participate in recognized national and international arts market events, including showcases and festivals;
- opportunities for Ontario delegations to help Ontario artists and arts organizations access recognized national and international arts market events, including showcases and festivals; and
- development of capacity-building initiatives in the area of artist market readiness.

Market Development Travel Assistance

This initiative supports professional Ontario artists, arts professionals, ad hoc groups/collectives and arts organizations so they can travel to promote their work to arts presenters. This allows them to expand their market and build networks for future opportunities for their work. Grants support an individual to travel to a recognized arts marketplace/event or undertake self-directed travel to connect with arts presenters. The initiative provides a travel subsidy with a quick turnaround time to allow applicants to generate or respond to new market development opportunities.

CORE BUSINESS ACHIEVEMENTS

Note: Arts presenters are intermediaries between artists and their potential audiences and markets; they may include (but are not limited to) programmers, curators, artistic directors, distributors, broadcasters, publishers, booksellers and gallerists.

Ontario Contact: Travel Assistance

Since 2006-07, the Travel Assistance initiative has been strategically focused on providing travel subsidies for Ontario presenters to attend Ontario Presents' annual Ontario Contact (English) and/or Réseau Ontario's annual *Contact ontariois* (French). Both are important provincial performing arts marketplace events.

Ontario Dances

This initiative supports the promotion of diverse Ontario-based professional dance artists and dance companies to Ontarians in regions outside of Toronto, and their vitality with a growing audience.

Strategic Collaborations Fund

The goals of this initiative are to:

- invest in partnerships with stakeholders within and outside the arts that advance OAC's strategic plan, *Vital Arts and Public Value*;
- support artistic activities that meet strategic priorities that cannot be funded in granting programs because of their scale, nature or timing; and
- fund significant, one-time artistic events that bring visibility and profile to OAC.

Theatre Connects

The goals of this initiative are to:

- support the promotion of diverse Ontario-based professional theatre artists to Ontarians in regions outside of Toronto, and its vitality with a growing audience;
- support venue-based, multidisciplinary performing arts presenters to undertake artistic risks and audience development initiatives and enhance their curatorial capacities to present theatre in Ontario; and
- create a regional touring circuit for dance and theatre in Ontario.

Theatre Training Projects

This initiative supports professional theatre artists training in any theatrical discipline with a chosen mentor, and youth training programs in theatre creation, performance, production and administration. It is administered on behalf of OAC by a provincial arts service organization.

Young Audience Circuit in the North

This initiative supports multidisciplinary performing arts presenters based in central and northern Ontario communities so they can present work by Ontario artists and companies to young audiences. A circuit of presenters provides access to diverse Ontario works for young audiences in these regions and aims to build the capacity of participating presenters.

CORE BUSINESS ACHIEVEMENTS

Outreach Activities

OAC is a resource for Ontario's arts community and many activities are captured in the services category. Regardless of its budget circumstances, OAC has never closed its doors to new applicants. The senior granting staff as well as the outreach staff conduct information sessions and workshops and participate in funders forums and conferences throughout the year.

Number of outreach activities

48

OAC-initiated grant writing and information sessions

51

OAC presentations at grant writing and information sessions hosted by other organizations

9

OAC webinars and simulated juries

2

OAC professional development sessions

8

OAC collaborations with other funding agencies

5

OAC presentations on professional development-focused panels at conferences and other forums

CORE BUSINESS ACHIEVEMENTS

Granting Highlights

\$61.1 million

Total OAC grants

2,252

Number of OAC grants to individual artists

3,676

Total number of grants awarded by OAC

\$9.9 million

Total in OAC grants to individual artists

12,116

Total number of grant applications submitted to OAC

\$4.53 per Ontarian¹

Total public support to the arts through OAC

1,424

Number of OAC grants to organizations

228

Total number of Ontario communities where resident artists and arts organizations received OAC grants

\$51.3 million

Total in OAC grants to organizations

123

Total number of Ontario's 124 ridings where artists and arts organizations received OAC grants

¹Based on Ontario population of 14,322,757 as of July 2018 (Source: Statistics Canada, Table 17-10-0005-01)

YEAR IN REVIEW

- Arts Organizations in Communities and Schools: Operating program (deadline April 4, 2018)
- *Arts visuels, arts médiatiques et métiers d'art : organismes et centres d'artistes autogérés francophones – fonctionnement* program (deadline April 4, 2018)
- *Diffusion francophone – fonctionnement* program (deadline April 4, 2018)
- Major Organizations: Operating program (deadline April 4, 2018)
- Multi and Inter-Arts Organizations: Operating program (deadline April 4, 2018)
- National and International Residency Projects program (deadline April 4, 2018)
- *Théâtre francophone – fonctionnement* program (deadline April 4, 2018)
- **OAC hosted an informal gathering with members of the arts community in Windsor (April 5, 2018)**
- Arts Service Projects program (deadline April 10, 2018)
- Dance Projects program (deadline April 11, 2018)
- **Earl Lee announced as recipient of the Ontario Arts Council Heinz Unger Award (April 12, 2018)**
- *Diffusion – projets francophones* program (deadline April 18, 2018)
- *Arts médiatiques – projets francophones* program (deadline April 19, 2018)
- *Services aux arts – projets francophones* program (deadline April 19, 2018)
- Music Creation Projects program (deadline April 24, 2018)
- Visual Artists Creation Projects program (deadline April 24, 2018)
- *Musique – projets francophones* program (deadline April 25, 2018)
- *Théâtre – projets francophones* program (deadline April 25, 2018)
- *Arts visuels et métiers d'art – projets francophones* program (deadline April 26, 2018)
- *Littérature – projets francophones* program (deadline April 26, 2018)
- **OAC announces it will administer the Engaging Seniors Through the Arts Fund, a \$5 million fund, on behalf of the Government of Ontario (April 2018)**
- Northern Arts Projects program (deadline May 2, 2018)
- **Shortlist for the 2018 Ruth and Sylvia Schwartz Children's Book Awards is announced (May 3, 2018)**
- Indigenous Culture Fund Project Grants for Individuals, Groups and Collectives program (deadline May 15, 2018)
- Indigenous Culture Fund Projects Grants for Organizations program (deadline May 15, 2018)
- Music Recording Projects program (deadline May 16, 2018)
- **Sophie Edwards appointed Northeastern Representative (May 2018)**
- Public Art Galleries: Operating program (deadline June 5, 2018)
- Publishing Organizations Projects program (deadline June 5, 2018)
- Chalmers Arts Fellowships program (deadline June 19, 2018)
- Publishing Organizations: Operating program (deadline June 19, 2018, for magazine publishers)
- Visual Arts Projects program (deadline June 19, 2018)
- Artists in Communities and Schools Projects program (deadline June 20, 2018)
- **Melanie Florence, Gabrielle Grimard and Heather T. Smith announced as winners of the Ruth and Sylvia Schwartz Children's Book Awards (June 20, 2018)**

YEAR IN REVIEW

- **Nadya Kwandibens announced as recipient of the 2018 Ontario Arts Council Indigenous Arts Award; Melissa General chosen as emerging laureate by the award recipient (June 21, 2018)**
- **Theatre director Sarah Conn receives the 2018 Pauline McGibbon Award (June 26, 2018)**
- Touring Projects program (deadline June 28, 2018)
- **Exhibition Assistance program moves online and begins accepting applications through Nova, OAC's online application system (June 2018)**
- Compass program (deadline July 4, 2018)
- **Final reports for OAC grants move online and are completed and submitted through Nova; with this information in Nova, applicants now know if any pending issues affect their ability to submit new applications (July 2018)**
- **Engaging Seniors Through the Arts program is suspended (July 2018)**
- **Previously announced New Ventures Fund is suspended (July 2018)**
- Theatre Projects program (deadline August 1, 2018)
- Indigenous Artists in Communities and Schools Projects program (deadline August 29, 2018)
- **Indigenous and Culturally Specific Dance: Training Projects program broadened and renamed to reflect expanded eligibility; program becomes Dance Training Projects: Equity and Access, and expands to support Deaf and disability dance practices (August 2018)**
- **OAC policies on alternative services for applicants with accessibility needs updated to include alternative services and process for Deaf applicants and applicants with disabilities, offline submissions for persons with limited internet access and oral applications for Indigenous persons (August 2018)**
- **Indigenous Visual Artists' Materials program moves online and begins accepting applications through Nova, OAC's online application system (August 2018)**
- Artists in Communities and Schools Projects program (deadline September 13, 2018)
- Media Arts Projects program (deadline September 13, 2018)
- Music Creation Projects program (deadline September 13, 2018)
- Indigenous Arts Projects program (deadline September 19, 2018)
- Ontario Arts Presenters Projects program (deadline September 19, 2018)
- *Diffusion – projets francophones* program (deadline September 26, 2018)
- **Lora Bidner receives 2018 Colleen Peterson Songwriting Award (September 26, 2018)**
- *Arts médiatiques – projets francophones* program (deadline September 27, 2018)
- *Services aux arts – projets francophones* program (deadline September 27, 2018)
- **Recommender Grants for Writers and Theatre Creators programs move online and begin accepting applications through Nova, OAC's online application system (September 2018)**
- Media Artists Creation Projects program (deadline October 2, 2018)
- Music Production and Presentation Projects program (deadline October 2, 2018)
- *Musique – projets francophones* program (deadline October 3, 2018)
- *Théâtre – projets francophones* program (deadline October 3, 2018)
- *Arts visuels et métiers d'art – projets francophones* program (deadline October 4, 2018)
- Dance Projects program (deadline October 4, 2018)
- *Littérature – projets francophones* program (deadline October 4, 2018)
- Curatorial Projects: Indigenous and Culturally Diverse program (deadline October 11, 2018)

YEAR IN REVIEW

- Deaf and Disability Arts: Materials for Visual Artists program (deadline October 11, 2018)
- Deaf and Disability Arts Projects program (deadline October 11, 2018)
- Touring Projects program (deadline October 16, 2018)
- Craft Projects program (deadline October 17, 2018)
- Multi and Inter-Arts Projects program (deadline October 17, 2018)
- Music Organizations: Operating program for festivals only (deadline October 17, 2018)
- Skills and Career Development: Indigenous Arts Professionals and Arts Professionals of Colour program (deadline October 17, 2018)
- **OAC releases *The Status of Women in the Canadian Arts and Cultural Industries: Research Review 2010-2018*, a report commissioned by OAC from a research team led by Dr. Amanda Coles, a Canadian on the faculty of Australia's Deakin University (October 17, 2018)**
- Dance Training Projects: Equity and Access program (deadline October 18, 2018)
- Literary Creation Projects: Works for Publication program (deadline October 18, 2018)
- Literary Creation Projects: Works for Performance program (deadline October 25, 2018)
- **Additional deadlines open for Market Development Projects and Market Development Travel Assistance programs following successful pilot programs in 2017-18 (October 2018)**
- Compass program (deadline November 1, 2018)
- Theatre Organizations: Operating program for summer theatres only (deadline November 1, 2018)
- **Charlene Pauls announced as recipient of the 2018 Leslie Bell Prize for Choral Conducting (November 1, 2018)**
- Chalmers Professional Development Projects program (deadline November 8, 2018)
- Music Recording Projects program (deadline November 15, 2018)
- Northern Arts Projects program (deadline November 20, 2018)
- Visual Artists Creation Projects program (deadline November 22, 2018)
- Indigenous Presenters in the North: Music Projects program (deadline November 29, 2018)
- Market Development Projects program (deadline November 30, 2018)
- Visual Arts Projects program (deadline December 5, 2018)
- Artists in Communities and Schools Projects program (deadline December 18, 2018)
- **OAC funding level for 2018-19 is returned to 2017-18 level of \$65 million per year, leading to in-year budget reductions (December 2018)**
- **Indigenous Culture Fund (ICF) is suspended (December 2018)**
- **Erika Iserhoff is appointed Indigenous Arts Officer (January 2019)**
- Theatre Projects program (deadline February 1, 2019)
- Dance Organizations: Operating program (deadline February 14, 2019)
- *Édition francophone – fonctionnement* program (February 14, 2019)
- Ontario Arts Presenters Projects program (deadline February 14, 2019)
- *Organismes francophones de service aux arts – fonctionnement* program (deadline February 14, 2019)
- Publishing Organizations: Operating program for book publishers only (deadline February 14, 2019)
- Indigenous Artists in Communities and Schools Projects program (deadline February 21, 2019)
- Literary Organizations Projects program (deadline February 21, 2019)

YEAR IN REVIEW

- Media Arts Projects program (deadline February 21, 2019)
- **New series of audio interviews with experienced community arts practitioners is released, to complement OAC's popular community-engaged arts workbook, Framing Community (February 2019)**
- Arts Service Organizations: Operating program (deadline March 1, 2019)
- Compass program (deadline March 1, 2019)
- Media Arts Organizations: Operating program (deadline March 1, 2019)
- Visual Arts Artist-Run Centres and Organizations: Operating program (deadline March 1, 2019)
- Music Organizations: Operating program (deadline March 6, 2019)
- Touring Projects program (deadline March 6, 2019)
- Artists in Communities and Schools Projects program (deadline March 14, 2019)
- Literary Organizations: Operating program (deadline March 14, 2019)
- Theatre Organizations: Operating program (deadline March 14, 2019)
- Market Development Projects program (deadline March 20, 2019)
- Multi and Inter-Arts Projects program (deadline March 21, 2019)
- Skills and Career Development: Indigenous Arts Professionals and Arts Professionals of Colour program (deadline March 21, 2019)
- Indigenous Arts Projects program (deadline March 26, 2019)
- Music Production and Presentation Projects program (deadline March 27, 2019)

OUTCOME-BASED PERFORMANCE MEASURES

OAC has been tracking corporate-level outcome-based performance measures for more than 10 years. The first set of performance measures tracked outcomes from 2006-07 through 2014-15. In 2016, OAC launched a process to develop new outcome-based performance measures in the context of the current strategic plan, *Vital Arts and Public Value*. A key purpose of these performance measures is to articulate and then track the public value that OAC provides to the people of Ontario.

OAC’s performance measures framework is based on a logic model that clearly links OAC’s key activities to positive societal outcomes – from short-term and mid-term outcomes through to long-term outcomes or impacts. The outcomes and long-term impacts that are identified in OAC’s logic model directly align with OAC’s strategic plan and mandate – *to foster the creation and production of art for the benefit of all Ontarians* – as well as with overall Ontario government priorities.

Based on best practices in the field, performance measures focus on measures that are attributable to organizational activities. As such, measures are typically outputs (of activities) that relate to *short-term outcomes* – those outcomes that arise most directly from an organization’s activities. For the short-term outcomes in OAC’s logic model, OAC has identified a number of related performance measures. The measures for each outcome were selected based on the information that would be most helpful in guiding decisions and understanding how OAC is achieving its goals.

The key short-term outcomes and selected performance measures include:

Short-Term Outcomes	Creation, production and presentation of vital art in Ontario	Increased skills and capacity in the arts sector	More public participation in and appreciation of the arts
	Funding of artists and arts organizations in all parts of the province. Employment and income for arts professionals in Ontario.	Funding of grants and services that increase skills and capacity.	Opportunities for Ontarians to experience and participate in the arts. Opportunities for people outside Ontario to experience Ontario artists and arts organizations.

OUTCOME-BASED PERFORMANCE MEASURES

A small number of relevant indicators have been identified for each of the above measures. By using a variety of indicators to describe OAC's performance, it is possible to track specific values (# and \$) as well as relative performance (%). Baselines and targets were established for each indicator to track performance over the implementation time frame of the strategic plan.

The following three pages present the report on the key short-term outcomes, performance measures and related indicators – including the associated targets and results by year. This is an abridged version of a more detailed document, *OAC's Performance Measures Framework*, which includes the logic model and the complete set of performance measures and indicators.

OAC will be considering options for additional operational performance measures over the course of the 2019-20 fiscal year.

PERFORMANCE MEASURES: OUTCOMES, MEASURES AND INDICATORS

Outcome A: Creation, production, and presentation of vital art in Ontario

Measure	Indicator	Target	Baseline 2013-14 ¹	Performance 2014-2015	Performance 2015-2016	Performance 2016-2017	Performance 2017-2018
Funding of artists and arts organizations in all parts of the province	% of Ontario counties/districts where resident artist or arts organization received OAC funding	100%	100%	100%	100%	100%	100%

Measure	Indicators	Target (> baseline over 5 years)	Baseline 2013-14	Performance 2014-2015	Performance 2015-2016 ²
Employment and income for arts professionals in Ontario	# artists & arts professionals paid (fees or salaries) through OAC-funded activities	> 56,255	56,255	57,001	56,634
	\$ value of income paid to artists/ arts professionals through OAC-funded activities	> \$345.9 million	\$345.9 million	\$356.5 million	\$361.9 million

¹ The 2013-2014 baseline was chosen because it is the year before OAC's current strategic plan was launched.

² Here, and elsewhere in this document, these are actual figures for 2015-16 as submitted with the 2017-18 OAC operating applications/CADAC, or with the 2015-16 project grants' final reports, and are the most currently available data.

**PERFORMANCE MEASURES:
OUTCOMES, MEASURES AND INDICATORS**

Outcome B: Increased skills and capacity in the arts sector

Measure	Indicators	Target (> baseline over 5 years)	Baseline 2013-14	Performance 2014-2015	Performance 2015-2016	Performance 2016-2017	Performance 2017-2018	\$ Value (million) (2017- 2018)
Funding of grants and services that increase skills and capacity	# artists & arts professionals who attend activities/events for training, skill development supported or provided by OAC	> 123,725	123,725	128,628	128,444			---
	# activities/events for training and skill development supported or provided by OAC	> 4,888	4,888	4,964	4,786			---
	% of total # grants allocated by OAC for training and skill development	> 8%	8%	8%	8%	9%	9%	\$6.7 million

**PERFORMANCE MEASURES:
OUTCOMES, MEASURES AND INDICATORS**

Outcome C: More public participation in and appreciation of the arts

Measure	Indicators	Target (> baseline over 5 years)	Baseline 2013-14	Performance 2014-2015	Performance 2015-2016
Opportunities for Ontarians to experience and participate in the arts	# public activities and events produced by OAC-funded artists & organizations in their home communities	> 36,507	36,507	37,037	38,912
	# total audience for home community events in Ontario	> 17.6 million	17.6 million	17.1 million	19.2 million
	# public activities and events produced by OAC-funded artists & organizations touring in Ontario	> 4,063	4,063	4,762	4,464
	# total audience for touring events in Ontario	> 1.2 million	1.2 million	1.3 million	993,799
Opportunities for people outside Ontario to experience Ontario artists and arts organizations	# public activities and events produced by OAC-funded artists & organizations and toured nationally (outside Ontario) and internationally	> 4,872	4,872	3,727	3,842
	# total audience for events toured nationally (outside Ontario) and internationally	> 1.6 million	1.6 million	1.4 million	1.5 million

ANALYSIS OF FINANCIAL PERFORMANCE

Overview

The Ontario Arts Council (OAC) receives most of its revenues from the Government of Ontario in the form of general grants as well as special grants for specific programs. In addition, OAC realizes investment income primarily from restricted and endowment fund pooled investments and bank balances. In the fiscal year 2018-19, which ended March 31, 2019, total revenues were \$73.2 million, an increase of 2.3% from the previous year.

OAC's expenditures are primarily investments in Ontario's professional, not-for-profit arts sector, in the form of operating grants to arts organizations and project grants and awards to individual artists and organizations. OAC also incurs service expenses related to the programs and services it provides to the arts sector. Administration expenses are primarily employee salaries and benefits. Other notable administrative expenses include office rent, amortization of capital assets, information services and technology, communications, and travel costs. In 2018-19, total expenditures were \$73.4 million, an increase of 3.4% from the previous year.

Revenue

Total revenue for the year was \$73.2 million. The general grants from the Government of Ontario totalled \$64.9 million, which remained the same as 2017-18. Total special grants were \$4.6 million, similar to the 2017-18 special grants amount. Investment income was \$3.4 million, an increase from the prior year thanks to the realization of investment gains from funds redeemed to support granting programs in the second half of the year, when OAC learned that its government funding would be \$5 million less than expected.

Expenditures

Total expenditures were \$73.4 million, up from \$71 million the prior year, and were driven by increased grants. General grants to artists and arts organizations were \$57.2 million, a 4.5% increase compared to \$54.7 million the previous year – this was in addition to special grants of \$3.9 million and awards of \$1.5 million. The increase in general grants was a result of the initial provincial government commitment and OAC's plan to provide increased support to artists and arts organizations in Ontario. Administration expenses increased by 1.4% to \$8.7 million from the prior year. Cost control measures implemented in other areas largely offset an increase in salaries and benefits, mostly for unionized employees. Administration expenses accounted for 11.8% of the total expenditures in the year, compared to 12% in the previous year. Expenses related to services remained flat from the previous year at \$2.1 million.

OAC FINANCIAL STATEMENTS

Province of Ontario Council for the Arts

Management's Responsibility for Financial Information

The accompanying financial statements of the Province of Ontario Council for the Arts (the OAC) are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards.

Management maintains a system of internal controls designed to provide reasonable assurance that financial information is accurate and that assets are protected.

The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control. The Finance and Audit Committee and the Board of Directors meet regularly to oversee the financial activities of the OAC, and annually to review the audited financial statements and the external auditor's report thereon.

The financial statements have been audited by the Office of the Auditor General of Ontario, whose responsibility is to express an opinion on the financial statements. The Auditor's Report that appears as part of the financial statements outlines the scope of the Auditor's examination and opinion.

On behalf of management:



Peter Caldwell
Director & CEO



Jerry Zhang
Director of Finance and Administration

June 12, 2019

Independent Auditor's Report

**To the Province of Ontario Council for the Arts and
to the Minister of Tourism, Culture and Sport**

Opinion

I have audited the financial statements of the Province of Ontario Council for the Arts (operating as Ontario Arts Council), which comprise the statement of financial position as at March 31, 2019 and the statements of operations and changes in fund balances, remeasurement gains and losses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ontario Arts Council as at March 31, 2019 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Ontario Arts Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Ontario Arts Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Ontario Arts Council either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Ontario Arts Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a

Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ontario Arts Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ontario Arts Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Ontario Arts Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for our audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Susan Klein, CPA, CA, LPA
Assistant Auditor General

Toronto, Ontario
June 12, 2019

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019		2018	
	Operating fund	Restricted and endowment funds	Total	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,483,164	\$ 4,196,453	\$ 6,679,617	\$ 6,054,192
Accounts receivable	73,224	—	73,224	41,451
Prepaid expenses	31,503	—	31,503	123,384
	2,587,891	4,196,453	6,784,344	6,219,027
Investments (notes 2(b) and 9)	960,225	25,567,285	26,527,510	28,340,228
Capital assets (note 3)	1,340,192	—	1,340,192	1,796,704
	\$ 4,888,308	\$ 29,763,738	\$ 34,652,046	\$ 36,355,959

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,283,337	\$ —	\$ 1,283,337	\$ 524,499
Deferred contributions (note 4)	586,461	—	586,461	1,698,069
Current portion of deferred lease inducement	165,322	—	165,322	165,322
Current portion of employee future benefits (note 2(b))	404,666	—	404,666	228,356
	2,439,786	—	2,439,786	2,616,246
Deferred lease inducement	950,601	—	950,601	1,115,923
Employee future benefits (note 2(b))	—	—	—	145,037
Fund balances:				
Invested in capital assets	224,269	—	224,269	515,459
Restricted for endowment purposes (note 5)	—	70,311	70,311	70,311
Externally restricted funds (Schedule 2)	—	17,317,273	17,317,273	16,188,687
Internally restricted funds (note 6)	—	6,683,994	6,683,994	7,172,396
Unrestricted	1,126,818	—	1,126,818	1,648,153
Accumulated remeasurement gains	146,834	5,692,160	5,838,994	6,883,747
	1,497,921	29,763,738	31,261,659	32,478,753
	\$ 4,888,308	\$ 29,763,738	\$ 34,652,046	\$ 36,355,959

Commitments (note 11)

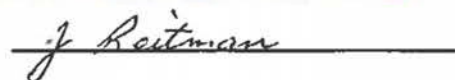
Economic dependence (note 12)

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2019, with comparative information for 2018

	Operating fund		Restricted and endowment funds		Total	
	2019	2018	2019	2018	2019	2018
Income:						
General grant - Province of Ontario	\$ 64,937,400	\$ 64,937,400	\$ -	\$ -	\$ 64,937,400	\$ 64,937,400
Special grants:						
Creative Engagement Fund	628,854	936,900	-	-	628,854	936,900
Canada/Ontario						
French Language Projects	159,000	65,000	-	-	159,000	65,000
Other	11,092	-	-	-	11,092	-
Indigenous Culture Fund	3,809,420	3,471,143	-	-	3,809,420	3,471,143
Investment income (note 9)	558,374	427,964	2,832,007	1,533,516	3,390,381	1,961,480
Fund administration fee (note 7(a))	72,478	74,088	-	-	72,478	74,088
Recovery of prior years' grants	122,616	94,945	-	-	122,616	94,945
Miscellaneous	68,177	37,351	-	-	68,177	37,351
Contributions	-	-	41,782	10,423	41,782	10,423
	70,367,411	70,044,791	2,873,789	1,543,939	73,241,200	71,588,730
Expenditures:						
Awards and expenses	-	-	1,502,604	1,685,590	1,502,604	1,685,590
Grants	57,205,430	54,634,714	-	100,000	57,205,430	54,734,714
Special grants	3,937,764	3,932,344	-	-	3,937,764	3,932,344
Administration (Schedule 1)	8,672,873	8,551,647	-	-	8,672,873	8,551,647
Services (Schedule 1)	2,094,870	2,091,203	-	-	2,094,870	2,091,203
	71,910,937	69,209,908	1,502,604	1,785,590	73,413,541	70,995,498
Excess of income over expenditures (expenditures over income)	(1,543,526)	834,883	1,371,185	(241,651)	(172,341)	593,232
Fund balances, beginning of year	2,336,719	2,316,713	30,142,034	29,821,031	32,478,753	32,137,744
Interfund transfers (note 6 and Schedule 2)	731,001	(808,534)	(731,001)	808,534	-	-
Net remeasurement change for the year	(26,273)	(6,343)	(1,018,480)	(245,880)	(1,044,753)	(252,223)
Fund balances, end of year	\$ 1,497,921	\$ 2,336,719	\$ 29,763,738	\$ 30,142,034	\$ 31,261,659	\$ 32,478,753

See accompanying notes to financial statements.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Statement of Remeasurement Gains and Losses

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Accumulated remeasurement gains, beginning of year	\$ 6,883,747	\$ 7,135,970
Unrealized gains attributed to:		
Portfolio investments	292,828	186,349
Amounts reclassified to the statement of operations:		
Portfolio investments	(1,337,581)	(438,572)
Net remeasurement change for the year	(1,044,753)	(252,223)
Accumulated remeasurement gains, end of year	\$ 5,838,994	\$ 6,883,747

See accompanying notes to financial statements.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of income over expenditures (expenditures over income)	\$ (172,341)	\$ 593,232
Items not involving cash:		
Gain on income distributions	(1,370,698)	(976,888)
Gain on sale of investments	(1,547,550)	(603,028)
Amortization and impairment of capital assets	507,243	549,845
Change in deferred lease inducement	(165,322)	(165,322)
Change in non-cash operating working capital:		
Accounts receivable	(31,773)	66,016
Prepaid expenses	91,881	(75,741)
Accounts payable and accrued liabilities	758,838	(425,068)
Deferred contributions	(1,111,608)	1,355,139
Employee future benefits	31,273	(18,529)
	(3,010,057)	299,656
Capital activities:		
Purchase of capital assets	(50,731)	(75,060)
Investing activities:		
Proceeds from sale of investments, net	3,686,213	1,970,701
Increase in cash and cash equivalents	625,425	2,195,297
Cash and cash equivalents, beginning of year	6,054,192	3,858,895
Cash and cash equivalents, end of year	\$ 6,679,617	\$ 6,054,192

See accompanying notes to financial statements.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements

Year ended March 31, 2019

The Province of Ontario Council for the Arts (operating as Ontario Arts Council) (the "OAC") was established in 1963 by the Government of Ontario to promote the development and enjoyment of the arts across the province. The OAC plays a leadership role in fostering excellence in the arts and making the arts accessible to all Ontarians. The OAC is a registered charity and is exempt from tax under the Income Tax Act (Canada).

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with accounting standards for government not-for-profit organizations, included in the Canadian public sector accounting standards for government not-for-profit organizations.

The OAC follows the restricted fund method of accounting for contributions.

The OAC has elected not to consolidate controlled entities (note 8).

(b) Fund accounting:

Resources are classified for accounting and reporting purposes into funds that are held in accordance with their specified purposes.

The operating fund reports the publicly funded activities of the OAC funded mainly through a general grant from the Province of Ontario. Funding from the Province of Ontario for restricted programs is accounted for as deferred contributions and recognized when the related expenses are incurred.

The restricted and endowment funds are internally restricted by the OAC or by the terms specified by the donors in their trust agreements.

Grants approved to be paid in the future upon specific requirements being met are not included in the statement of operations and changes in fund balances (note 11(b)).

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

The OAC considers deposits in banks, guaranteed investment certificates and other instruments that are cashable or with original maturities of three months or less as cash and cash equivalents.

(d) Investment income:

Investment income comprises income on pooled investments and bank balances.

Investment income related to the operating fund is recognized based on the actual number of units held in the pooled investment and recognized as income of the operating fund.

Investment income on the pooled investments related to the restricted and endowment funds is recognized as income of the restricted funds.

(e) Employee benefits:

(i) The OAC follows Public Sector Accounting Standards for accounting for employee future benefits, which include post-employment benefits payable upon termination. Under these standards, the cost of the post-employment benefits paid upon termination is charged to operations annually as earned.

(ii) The OAC accrues for sick leave liabilities and other benefits for amounts that accrue but have not vested.

(f) Lease inducements:

Lease inducements include a leasehold improvement allowance and free rents received by the OAC. The total amount of the lease inducements is amortized on a straight-line basis over the lease term.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(g) Capital assets:

Capital assets are recorded at cost (purchase price). All capital assets are amortized on a straight-line basis over the assets' estimated useful lives as follows:

Audiovisual equipment	5 years
Computer hardware and software	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Office renovations	5 years
Leasehold improvements	Lease term

When a capital asset no longer contributes to OAC's ability to provide services, its carrying value is written down to its residual value.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations and changes in fund balances.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and changes in fund balances and any unrealized gain or loss is adjusted through the statement of remeasurement gains and losses.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations and changes in fund balances.

The standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - observable or corroborated inputs, other than Level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value of measurements for all of the investments held by OAC are categorized as Level 1 and Level 2.

(i) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the statement of operations and changes in fund balances and the unrealized balances are reversed from the statement of remeasurement gains and losses.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(j) Related party transactions:

Related party transactions are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditures during the year. Significant estimates include carrying value of capital assets and provisions for certain employee future benefits liabilities. Actual results could differ from those estimates.

2. Employee future benefits:

(a) Pension benefits:

The OAC's full-time employees participate in the Public Service Pension Fund ("PSPF"), which is a defined benefit pension plan for employees of the Province of Ontario and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF, determines the OAC's annual payments to the PSPF. Since the OAC is not a sponsor of the PSPF, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the OAC, as the sponsor is responsible for ensuring that the PSPF is financially viable. The annual payments to the PSPF of \$445,678 (2018 - \$349,746) are included in salaries and benefits in Schedule 1.

(b) Non-pension benefits:

The cost of post-retirement non-pension employee benefits is paid by the Treasury Board Secretariat and is not included in the statement of operations and changes in fund balances.

The amount of unused vacation pay, and other earned benefits accrued at year-end was \$404,666 (2018 - \$373,393), of which \$404,666 (2018 - \$228,356) has been classified as a current liability.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

2. Employee future benefits (continued):

The OAC has set aside funds to meet these liabilities and other obligations and invested these funds in the same pooled investments as the restricted and endowment funds. As at March 31, 2019, this investment has a market value of \$960,225 (2018 - \$907,122) and is shown under the operating fund as investments.

3. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Audiovisual equipment	\$ 143,464	\$ 97,008	\$ 46,456	\$ 71,443
Computer hardware and software	988,589	856,568	132,021	341,901
Furniture and fixtures	345,655	233,300	112,355	161,004
Office equipment	74,636	52,804	21,832	36,309
Office renovations	54,555	23,390	31,165	42,075
Leasehold improvements	1,476,093	479,730	996,363	1,143,972
	\$ 3,082,992	\$ 1,742,800	\$ 1,340,192	\$ 1,796,704

4. Deferred contributions:

	2019	2018
Balance, beginning of year	\$ 1,698,069	\$ 342,930
Add amount received during the year	3,406,092	5,800,000
Less amount recognized during the year	(4,517,700)	(4,444,861)
Balance, end of year	\$ 586,461	\$ 1,698,069

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

5. Fund balances restricted for endowment purposes:

	2019	2018
The Oskar Morawetz Memorial Fund	\$ 26,000	\$ 26,000
The Canadian Music Centre John Adaskin Memorial Fund	17,998	17,998
Dr. Heinz Unger Scholarship Fund	17,235	17,235
The Leslie Bell Scholarship Fund	9,078	9,078
	<u>\$ 70,311</u>	<u>\$ 70,311</u>

6. Internally restricted fund balances:

	Fund balances, beginning of year	Transfer from (to) Operating Fund	Interfund transfers	Investment income	Awards and expenses paid	Fund balances, end of year
Venture fund	\$ 3,388,468	\$ (2,225,526)	\$ 1,075,000	\$ 295,067	\$ (45,468)	\$ 2,487,541
New ventures fund	1,075,000	–	(1,075,000)	–	–	–
Board-designated reserve fund	909,640	918,360	–	–	–	1,828,000
Capital fund	1,000,000	1,000,000	–	–	–	2,000,000
Granting programs fund	799,288	(430,835)	–	–	–	368,453
	<u>\$ 7,172,396</u>	<u>\$ (738,001)</u>	<u>\$ –</u>	<u>\$ 295,067</u>	<u>\$ (45,468)</u>	<u>6,683,994</u>

7. Related party transactions:

- (a) Included in Schedule 2, awards and expenses paid, are administration fees charged by the OAC for providing day-to-day administrative support and services to the restricted and endowment funds held by the OAC. As permitted in the respective agreements, the OAC has levied an administration fee, either on a fixed or percentage basis, on the funds held or on the annual investment income earned by the funds held by the OAC.

	2019	2018
Fund administration fee	\$ 72,478	\$ 74,088

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

7. Related party transactions (continued):

- (b) During the year, the OAC allocated a portion of its monthly office rental fees and a portion of its general and administrative costs to the Ontario Arts Foundation (the "Foundation"). The Foundation is controlled by the OAC's Board of Directors through election of the Foundation's Board of Directors. General and administrative costs allocated amounted to \$10,395 (2018 - \$25,276) and total rent allocated amounted to \$2,543 (2018 - \$10,800). During the year, an award administration cost was allocated to the Foundation with the amount of \$10,629 (2018 - \$15,055).

8. Ontario Arts Foundation:

The Foundation was incorporated under the Corporations Act (Ontario) on October 15, 1991 and is a registered charity under the Income Tax Act (Canada). The Foundation was established:

- (a) to receive and maintain a fund or funds to apply all or part of the principal and income therefrom to charitable organizations, which are also registered charities under the Income Tax Act (Canada);
- (b) to provide scholarships for study or research in the arts in Ontario or elsewhere; and
- (c) to make awards to persons for outstanding accomplishments in the arts in Ontario or elsewhere.

As defined by the Chartered Professional Accountants of Canada's Accounting Standards for not-for-profit organizations, the OAC controls the Foundation in that the OAC's Board of Directors controls the election of the Foundation's Board of Directors.

The Foundation's financial statements have not been consolidated in the OAC's financial statements. There are no restrictions on the resources of the Foundation, nor are there significant differences from the accounting policies used by the OAC.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

8. Ontario Arts Foundation (continued):

The majority of the fund balances, \$47,590,367 of the total of \$82,551,074 (2018 - \$47,255,029 of the total of \$80,063,923), represents the balances of the individual arts endowment funds held by the Foundation under the Arts Endowment Fund program of the Government of Ontario for a number of arts organizations. Under this program, money contributed and matched is held in perpetuity. The Board of Directors of the Foundation determines the amount of income that may be paid annually.

Audited financial statements of the Foundation are available upon request. Financial summaries of the Foundation, reported in accordance with Public Sector Accounting Standards, are as follows:

(a) Financial position:

	2019	2018
Assets		
Cash and investments	\$ 82,782,796	\$ 80,096,014
Liabilities and Fund Balances		
Accounts payable and accrued liabilities	\$ 231,722	\$ 32,091
Fund balances	82,551,074	80,063,923
	\$ 82,782,796	\$ 80,096,014

(b) Changes in fund balances:

	2019	2018
Fund balances, beginning of year	\$ 80,063,923	\$ 77,743,156
Contributions received	2,310,614	3,754,510
Investment gain	4,986,526	2,608,938
Fund administration fee	412,126	400,397
Awards and expenses	(6,232,003)	(5,074,151)
Net remeasurement gains	1,009,888	631,073
Fund balances, end of year	\$ 82,551,074	\$ 80,063,923

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

8. Ontario Arts Foundation (continued):

(c) Cash flows:

	2019	2018
Cash flows used in operating activities	\$ (2,433,523)	\$ (1,751,796)
Cash flows from investing activities	2,996,431	1,775,606
	\$ 562,908	\$ 23,810

9. Investments and investment income:

Net investment income comprises the following:

	2019	2018
Income distributions	\$ 1,370,698	\$ 976,888
Realized gains	1,547,550	603,028
Bank interest	472,133	381,564
	\$ 3,390,381	\$ 1,961,480

The asset mix of the investments is as follows:

	2019	2018
Foreign equities, predominantly U.S.	38%	40%
Fixed income securities	26%	23%
Canadian equities	23%	19%
Alternative investments	12%	16%
Cash and cash equivalents	1%	2%

The OAC currently holds \$6,987,153 (cost - \$5,379,004) (2018 - \$6,518,252 (cost - \$4,934,991)) in fixed income securities that are exposed to interest rate price risk. The interest rates range from 0.75% to 9.98% (2018 - 0.50% to 8.29%) for the year ended March 31, 2019.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

10. Public sector salary disclosures:

Section 3(5) of the Public Sector Salary Disclosure Act (1996) requires disclosure of Ontario public sector employees who were paid an annual salary in excess of \$100,000 in the calendar year 2018. For the OAC, this disclosure is shown below:

Name	Title	Salary	Taxable benefits
Patricia Bradley	Theatre, Major Organizations and Compass Officer	\$ 102,520	\$ 155
Peter Caldwell	Director and CEO	236,750	350
Kirsten Gunter	Director of Communications	130,687	190
Mark Haslam	Media Arts Officer	100,195	151
Bushra Junaid	Outreach and Development Manager and Access and Career Development Officer	106,384	160
Nasreen Khan	Arts Education Officer and Artists in Residence (Education) Administrator	103,776	154
Syed Naqvi	Manager of Information Systems and Technology	121,350	152
David Parsons	Classical Music Officer	102,520	155
Nina Small	Director of Human Resources	129,755	189
Kathryn Townshend	Director of Research, Policy and Evaluation	130,438	190
Carolyn Vesely	Director of Granting	151,019	219
Myles Warren	Dance and Awards Officer	102,667	155
Jerry Zhang	Director of Finance and Administration	147,675	215

11. Commitments:

(a) Lease commitments:

The OAC leases office premises and office equipment under operating leases. The future annual lease payments, including utilities and operating costs, are summarized as follows:

2020	\$ 737,887
2021	737,734
2022	750,715
2023	750,715
2024	750,715
2025 and thereafter	1,313,751
	<u>\$ 5,041,517</u>

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

11. Commitments (continued):

(b) Grant commitments:

The OAC has approved grants of \$368,453 (2018 - \$799,288), which will be paid in future years once the conditions of the grants have been met. These amounts are not reflected in the statement of operations and changes in fund balances. These amounts are included in the internally restricted fund balance, as described in note 6.

In addition, under the terms and conditions of the Indigenous Culture Fund, the OAC has approved grants of \$507,938 (2018 - \$1,538,161), which will be paid in the future years once the conditions of the grants have been met.

12. Economic dependence:

The OAC is dependent on the Province of Ontario for the provision of funds to provide awards and grants and to cover the cost of operations.

13. Financial instruments:

(a) Interest rate and foreign currency risks:

The OAC is exposed to interest rate and foreign currency risks arising from the possibility that changes in interest rates and foreign exchange rates will affect the value of fixed income and foreign currency-denominated investments. The OAC currently does not use any hedging strategies to mitigate the exposure.

(b) Market risk:

Market risk arises as a result of trading equities and fixed income securities. Fluctuations in the market expose the OAC to a risk of loss. The OAC uses two professional investment managers to advise on investment risks, asset selection and mix to achieve an appropriate balance between risks and returns. The Finance and Audit Committee of the Board of Directors of the OAC monitors investment decisions and results and meets regularly with the managers.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2019

13. Financial instruments (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the OAC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The OAC manages its liquidity risk by monitoring its operating requirements. The OAC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There has been no change to the above risk exposures from 2018.

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Schedule 1 - Administration Expenses and Services

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Administration expenses:		
Salaries and benefits (notes 2(b) and 10)	\$ 6,597,362	\$ 6,077,926
Office rent and hydro (note 7(b))	559,736	535,220
Amortization of capital assets	507,243	549,845
Information services	278,943	413,358
Communications	178,614	185,656
Travel	115,394	157,037
Miscellaneous	92,729	93,956
Consulting and legal fees	75,298	181,141
Meetings	70,985	128,216
Maintenance and equipment rental	70,740	82,952
Telephone, postage and delivery	52,361	59,108
Personnel hiring and training	51,334	44,031
Office supplies, printing and stationery	22,134	43,201
	8,672,873	8,551,647
Services:		
Other programs	1,037,612	1,092,668
Jurors and advisors	738,649	671,607
Canada/Ontario French language projects	318,609	326,928
	2,094,870	2,091,203
	\$ 10,767,743	\$ 10,642,850

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Schedule 2 - Externally Restricted and Endowment Funds

Year ended March 31, 2019, with comparative information for 2018

	Balance of Endowment Fund (note 5)	Fund balances, beginning of year	Contributions received	Transfer from operating fund	Investment income	Awards and expenses paid	Fund balances, end of year*
2019							
The Chalmers Family Fund	\$ —	\$ 22,078,125	\$ —	\$ —	\$ 1,459,526	\$ (1,436,966)	\$ 22,100,685
The Oskar Morawetz Memorial Fund	26,000	290,432	—	—	20,918	(3,190)	308,160
Dr. Heinz Unger Scholarship Fund	17,235	88,605	—	—	6,996	(1,067)	94,534
The Leslie Bell Scholarship Fund	9,078	174,814	—	7,000	12,157	(11,837)	182,134
The Vida Peene Fund	—	152,813	41,782	—	10,102	(1,541)	203,156
The John Hirsch Memorial Fund	—	64,807	—	—	4,284	(652)	68,439
The Canadian Music Centre John Adaskin Memorial Fund	17,998	25,671	—	—	2,887	(441)	28,117
Colleen Peterson Songwriting Fund	—	16,631	—	—	1,099	(1,366)	16,364
The Ruth Schwartz Fund	—	7,429	—	—	491	(76)	7,844
	\$ 70,311	\$ 22,899,327	\$ 41,782	\$ 7,000	\$ 1,518,460	\$ (1,457,136)	\$ 23,009,433
2018							
The Chalmers Family Fund	\$ —	\$ 22,547,776	\$ —	\$ —	\$ 1,032,891	\$ (1,502,542)	\$ 22,078,125
The Oskar Morawetz Memorial Fund	26,000	279,798	—	—	14,008	(3,374)	290,432
Dr. Heinz Unger Scholarship Fund	17,235	92,762	—	—	5,039	(9,196)	88,605
The Leslie Bell Scholarship Fund	9,078	161,850	—	7,000	7,830	(1,866)	174,814
The Vida Peene Fund	—	142,416	10,424	—	6,524	(6,551)	152,813
The John Hirsch Memorial Fund	—	67,740	—	—	3,103	(6,036)	64,807
The Canadian Music Centre John Adaskin Memorial Fund	17,998	27,108	—	—	2,066	(3,503)	25,671
Colleen Peterson Songwriting Fund	—	17,233	—	—	789	(1,391)	16,631
The Ruth Schwartz Fund	—	7,179	—	—	329	(79)	7,429
	\$ 70,311	\$ 23,343,862	\$ 10,424	\$ 7,000	\$ 1,072,579	\$ (1,534,538)	\$ 22,899,327

*Fund balances end of year include unrealized gain of \$5,692,160 (2018 - \$6,710,640) as presented in the statement of financial position.

BOARD MEMBERS

The Ontario Arts Council (OAC) is directed by a volunteer board of directors, which is responsible for setting OAC's policies and overseeing the organization's operation. Board members also play an important role as advocates for the arts in Ontario and as representatives of OAC in communities across the province.

Each board member is appointed by the Government of Ontario for a three-year term and may be reappointed for additional terms.

Rita Davies, Toronto

Chair

Appointed Chair July 2015

Term ends July 2021

Judith Gelber, Toronto

Vice-Chair

Appointed to the Board February 2013

Appointed Vice-Chair March 2015

Term ends March 2021

Marie-Élisabeth Brunet, Ottawa

Appointed to the Board April 2013

Term ends April 2019

Mark V. Campbell, Pickering

Appointed to the Board January 2016

Term ended January 2019

Eliza Chandler, Toronto

Appointed to the Board August 2017

Term ends August 2020

Josée Forest-Niesing, Sudbury

Appointed to the Board January 2018

Resigned October 2018 (accepted an appointment to the Senate of Canada)

Karim Karsan, Toronto

Appointed to the Board August 2016

Term ends August 2019

Jill Reitman, Toronto

Appointed to the Board August 2016

Term ends August 2019

Harvey A. Slack, Ottawa

Appointed to the Board May 2009

Term ended May 2018

Mary Alice Smith, Longbow Lake (Kenora)

Appointed to the Board April 2016

Term ends April 2019

Janet E. Stewart, London

Appointed to the Board September 2014

Term ends September 2020

David Tsubouchi, Baltimore

Appointed to the Board December 2018

Term ends December 2021

Sean White, Windsor

Appointed to the Board August 2015

Term ended August 2018

EXECUTIVE STAFF

Peter Caldwell

Director & CEO

Kirsten Gunter

Director of Communications

Nina Small

Director of Human Resources

Kathryn Townshend

Director of Research, Policy and Evaluation

Carolyn Vesely

Director of Granting

Jerry Zhang

Director of Finance and Administration

Elise Chalmers

Associate Director of Granting (until July 2018)

Jessica Deljouravesh

Interim Associate Director of Granting (from July 2018)

CREDITS

Kirsten Gunter

Editing

Ashleigh Hodgins

Coordination and Editorial Assistant

Tsipora Lior

Translation and Editing (French)

Gilbert Bélisle

Additional Translation

Nancy Foran

Copyediting (English)

Ontario Arts Council

121 Bloor Street West, 7th Floor

Toronto ON M4W 3M5

416-961-1660

1-800-387-0058

info@arts.on.ca

www.arts.on.ca



@ONArtsCouncil



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